

Exam Name - Chartered Financial Analyst (CFA)[™]

Sample Exam

1. Which of the following best describes the CFA Institute's Code of Ethics?

- A. It is mandatory for all employees of CFA charterholders.
- B. It provides a set of aspirational principles and mandatory standards.
- C. It only applies to investment decision-making.
- D. It is optional guidance for ethical behavior.

Answer **B**

2. Which monetary policy action is most effective in combating inflation?

- A. Decrease reserve requirement
- B. Lower policy interest rate
- C. Increase open market purchases
- D. Increase policy interest rate

Answer **D**

3. Which ratio measures profitability per unit of shareholder investment?

- A. Return on Assets (ROA)
- B. Return on Equity (ROE)
- C. Gross Profit Margin
- D. Asset Turnover

Answer **B**

4. A project's NPV is zero. Which statement is true?

- A. $IRR > \text{discount rate}$
- B. Profitability index > 1
- C. Expected return equals discount rate
- D. Payback period equals project life

Answer **C**

5. Which of the following statements is TRUE regarding bond duration?

- A. A zero-coupon bond has zero duration
- B. Higher coupon bonds have longer duration
- C. Duration measures sensitivity to interest rate changes
- D. Duration increases as yield rises

Answer **C**

6. A put option on a stock gives the holder:

- A. The right to buy the stock at a specified price
- B. The obligation to sell the stock at a specified price
- C. The obligation to buy the stock at a specified price
- D. The right to sell the stock at a specified price

Answer **D**